BULLETIN

RESERVE BANK OF NEW ZEALAND

WELLINGTON, N.Z.

NOVEMBER · 1952

CONTENTS

Note: Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.

The following symbols have been used throughout the "Bulletin":
.. = not available.
— = nil or less than half the unit employed.

Subscription 12/- a year, post free. For particulars apply to the Secretary, Reserve Bank of New Zealand, Wellington, New Zealand.

General Agreement on Tariffs and Trade

I—TARIFFS AND PREFERENCES

THE BANK'S "STATISTICAL SUMMARY" for September, 1950, contained an article entitled "Torquay 1950—The Historical Background", which set out the measures taken by the United Nations during and after World War II leading to the establishment of the General Agreement on Tariffs and Trade (GATT). Recognising that trade and economic policies should be designed to raise real income, provide full employment, and ensure optimum use of the world's resources, the wartime allies sought to contribute to these aims by fostering reductions in tariffs and other trade barriers. During the period between the two world wars, experience had shown that various devices, such as tariffs, quotas, currency depreciation and export subsidies, by which one country had sought gain over other countries in international trade, had led to misuse of the world's resources and the reduction of trade. First in the Atlantic Charter of 1941 and later in the various Mutual Aid Agreements made with the United States, the principle of post-war international co-operation on trade and financial problems was stated.

The outcome of negotiations which were undertaken towards the end of the war and afterwards, included, in addition to the economic branches of the United Nations Organisation and the Bretton Woods institutions—

(a) A draft International Trade Charter (1948), embodying a set of rules governing international trading relationships and establishing an International Trade Organisation (ITO). Though an Interim Commission was set up to act as midwife to the proposed ITO, the latter was stillborn.

(b) The General Agreement on Tariffs and Trade (October, 1947) which was intended to be a temporary organisation pending the establishment of the ITO. The Agreement embodied part of the draft ITO Charter, particularly those sections dealing with tariffs, preferences, and quantitative trade restrictions.

The General Agreement with 34 member countries or "Contracting Parties", has owing to the non-existence of ITO, become the main international organisation dealing with trade problems, though other bodies now in operation are covering similar or related ground—the International Monetary Fund, the Organisation for European Economic Co-operation, and the various regional economic commissions established by United Nations.

The following outline of the contents of the General Agreement is quoted from an annex to "GATT in Action", the third annual report on its operation:—

"The General Agreement is divided into three parts. Part I, comprising the first two articles, is the principal, operative section. It gives life to the tariff concessions which governments have negotiated one with another, and guarantees that the rates thus agreed upon are observed as maxima and are applied on a non-discriminatory basis among the adhering governments. In respect of this part of the Agreement the contracting parties have accepted an absolute commitment, i.e., their legislatures are bound by its terms, and, furthermore, no change can be made in its articles except by unanimous agreement with the contracting parties.

"Part II of the Agreement contains twenty-one articles—Articles III to XXIII—and is intended principally to ensure that the value of the tariff reductions is not prejudiced by the introduction, or changes in administration, of other controls on trade, particularly quantitative import restrictions, or by internal taxes, new methods of valuation for customs duties, customs formalities, etc. Under the Protocol of Provisional Application and the protocols by which governments have acceded to the Agreement, the contracting parties are bound to apply the provisions of these articles 'to the fullest extent not inconsistent with existing legislation'. Not until they apply the Agreement definitively will they be required to submit legislation to their parliaments to modify statutes which are not fully in conformity with these provisions. This section of the Agreement may be amended by two-thirds of the contracting parties, but the amendments are binding only upon those which accept them.

"Part III—containing the last twelve articles—deals with questions of accession and enforcement, joint action by the contracting parties, withdrawals, amendments, etc. Under the Protocol of Provisional Application and the protocols of accession, contracting parties are fully committed to this Part of the Agreement as they are to Part I."

Tariffs

It is a fundamental part of GATT that member countries should negotiate among themselves for the reduction of tariffs, by a process of bargaining. Three bargaining sessions have been held—in Geneva (1947), in Annecy (1949), and in Torquay (1950). The results of the negotiations are listed in schedules (one for each country) attached to and part of the Agreement. The schedules set out the detailed tariff rates which each member has agreed to apply as maxima in respect of goods received from all other members. Any negotiated reduction or binding (i.e., agreeing not to increase) of a tariff duty is extended to all other contracting parties in accordance with the "most-favoured-nation rule", which provides that, with regard to duties, payments and formalities in connection with imports and exports, any "advantage, favour, privilege or immunity" granted to any country must be unconditionally accorded to all other contracting parties. In short, any contracting party must give to each of the other contracting parties (except for the right to maintain preferences referred to hereunder) the best treatment that it gives to any country.

Preferences

While basing its policies and principles on the "most-favoured-nation" rule, and seeking to avoid dis-

criminatory treatment by its members, the General Agreement recognises that existing systems of preferential tariffs cannot be simply abolished. Therefore it allows, as exceptions to the "most-favoured-nation" rule, certain preferential arrangements which are specified, including the British preferential system, the French system, the Benelux Customs Union, arrangements between U.S. and the Philippines and between U.S. and Cuba. Broadly speaking, these preferential systems are subject to two rules:–

(a) Margins of preference must not be increased (i.e., the difference between the "most-favoured-nation" rate and the preferential rate). For example, the New Zealand MFN tariff duty on bicycles is 30 per cent, but the British Preferential rate is 10 per cent. If the former is raised, the latter must be raised by at least the same amount; if the latter is lowered, the former must be lowered by at least the same amount.

(b) Preferential rates of duty are subject to negotiation for their reduction in the same way as other rates.

Included in the schedules annexed to the Agreement are the maximum preferential rates of duty which the countries concerned have agreed to apply in respect of certain items.

Basis of Tariff Negotiations

All negotiations are in respect of specific commodities, and must be on a "reciprocal and mutually advantageous basis". A country cannot be compelled to reduce any particular rate of duty or margin of preference, nor to grant concessions without receiving adequate concessions in return. Moreover, rates of duty not covered by the schedules can be raised. However, each country is expected to grant concessions which, in total, correspond more or less to the benefits received by it from other countries.

A further provision is that a country may not nullify or impair any of the tariff concessions provided for in its schedule by imposing other duties or charges, by altering the method of calculating the dutiable value of imports, or by operating import monopolies or by applying import restrictions other than those permitted under the Agreement. Where nullification or impairment of a concession has taken place in any of the above ways, contracting parties whose trade is affected, may with the approval of the contracting parties, suspend equivalent concessions previously granted to the offender.

Once a tariff rate has been the subject of negotiation and is listed in the schedules, it becomes a definite obligation on the country concerned not to exceed that rate for a specified period. The present schedules (which were last revised as a result of the Torquay negotiations in 1950) are operative until the end of 1953.

Exceptions in Respect of Tariffs

The rules outlined above are subject to permitted exceptions in certain circumstances:–

(a) A contracting party may levy a special tariff duty in order to offset or prevent "dumping" (i.e., selling at less than the normal value) provided the amount of extra duty is not greater than the price difference determined in accordance with a formula for calculating "normal" price.

(b) A contracting party may similarly impose special "countervailing" duties to offset any bounty or subsidy which has been granted on the production or export of the goods concerned.

(In both the above cases it must first be shown that the dumping or the subsidy is causing or threatening material injury to an established domestic industry or is such as to retard materially the establishment of a domestic industry.)

(c) If, as a result of unforeseen developments and of the tariff concessions previously made, domestic producers are seriously affected by a large inflow of competing imports, the country concerned may suspend the operation of the tariff concessions. Prior notice of intention to take such action shall be given to the Contracting Parties, so that the matter can be discussed and (if deemed appropriate) compensating adjustments in other members' tariffs can be made. Where urgent action is necessary in order to avoid damage which it may be difficult to repair, action may be taken without prior consultation on condition that consultation shall take place immediately thereafter.

(d) Where a contracting party desires, in the interests of its economic development, to protect a particular industry against import competition by means of a tariff duty or a margin of preference higher than has been provided for in the agreed schedule, it shall negotiate with the other contracting parties affected so that compensating adjustments in other tariff items, or in other countries' schedules, can be agreed upon.

(e) A number of very special circumstances are listed in which exceptions to the rules of GATT (and not only in respect of tariffs) are permitted.

It will be seen from the above (very simplified) summary of the rules regarding tariffs and preferences that the member countries have freedom to choose what tariff duties they shall reduce or bind; but that over-all it is essentially a matter of give-and-take, of mutually advantageous exchange of tariff concessions. If for any reason the balance of advantage is upset through the actions of any one member, compensatory adjustments are made elsewhere, either in that country's obligations or in the other members' obligations to that country.

Other Rules affecting Tariffs

In addition to the main rules regarding tariffs and preferences there are a number of miscellaneous rules relating to such matters as internal taxes, films' transit goods, method of valuing goods for customs purposes, marks of origin, and trade formalities. These are designed to prevent concealed tariffs, unfair discrimination, or unreasonable administrative hindrances to the flow of trade.

(The next article in this series will deal with quantitative restrictions on imports.)

Commonwealth Economic Conference

ON 27TH NOVEMBER, the Prime Ministers of Commonwealth countries met in London to consider economic and financial measures to strengthen the sterling area. Preliminary discussions on these problems were undertaken by officials from Commonwealth countries who met in London from 22nd September to 15th October and prepared reports for consideration by the Prime Ministers. As these meetings are a sequel to the conference of Commonwealth Finance Ministers held in London in January, 1952, it is appropriate to examine developments since that time and the sort of problems which the Prime Ministers have been facing.

The Finance Ministers met last January in an atmosphere of crisis. During 1949, the sterling area's balance-of-payments position and its loss of gold and dollar reserves were so severe that the pound had been devalued relative to the dollar. In the following eighteen months, partly because of devaluation but mainly because of the impact of the Korean crisis, the gold and dollar reserves improved remarkably, increasing from $1,340 million on the eve of devaluation (18th September, 1949) to $3,867 million at the end of June, 1951. Then a new decline set in.

During 1951, the sterling area's gold and dollar surpluses changed into large deficits, as follows:–

	$millions
First quarter	+360
Second quarter	+ 54
Third quarter	–638
Fourth quarter	–940

The reserves were down to $2,335 million at the end of December, 1951, and were still falling. In fact they were falling so fast that they would disappear altogether in a few months if corrective action were not taken and taken quickly. This was the position when the Commonwealth Finance Ministers met last January.

In the press statement following the Finance Ministers' Conference, the following main points were made:–

1. Commonwealth countries are firmly resolved that sterling as an international currency can and will be strengthened and made convertible as soon as possible. As a first step, the sterling area should be in balance with the rest of the world at latest in respect of the second half of 1952, including a balance with the dollar area in the same period.
2. Each country should take steps to ensure that its internal economy is sound and that all possible measures are taken to combat inflation.
3. Every effort should be made to increase exports, especially to the non-sterling countries.
4. So far as other methods do not fully achieve the desired results, it is necessary, as a temporary measure, to reduce imports.
5. By the development of their productive power, sterling area countries will not only strengthen their own economies but will also help to meet the growing world demand for food, raw materials and other essential goods.
6. For some time to come, the Commonwealth will not be able to meet its growing needs entirely from its own resources, and developing countries will therefore need to rely in varying degrees on investment from outside the sterling area. Such investment is to be welcomed.
7. The methods by which member countries will contribute these ends are left to each country concerned.

It is not possible to discuss here in any detail the developments which have occurred since January, nor to refer to the situation in each Commonwealth country. The following comments may, however, help to indicate what progress has been made.

Strengthening of Sterling

Though the gold and dollar reserves continued to fall throughout the first six months of 1952, reaching $1,685 million at the end of June, the rate of decline was steadily reduced and amounted to only $15 million in the second quarter. (In the first half of 1952, however, Defence Aid was received from the United States to the extent of $210 million–$162 million as grant and $48 million as loan.) In the third quarter, there was no net change in reserves, and in October there was an increase of $82 million. Thus the immediate danger has been averted, though the reserves remain at an undesirably low level.

The sterling area's transactions with the member countries of the European Payments Union, which had involved the payment of about £210 million in gold or dollars from the reserves, have greatly improved in recent months, and in September a net surplus with E.P.U. was earned for the first time since April, 1951. This was followed by a surplus of $96 million in October. This means that some of the dollars paid to E.P.U. are now being won back.

Further evidence of an improvement in sterling's strength is the fact that the sterling-dollar exchange rate, which is free to move between the limits of $2.78 and $2.82 to the pound, recently rose above $2.80 (the official parity) for the first time in many months. The forward rate also improved and the free market rate for sterling in New York has risen from about $2.40 a year ago to about $2.70 to the pound.

Another significant development has been the reduction in the United Kingdom's sterling liabilities to other countries (usually known as the sterling balances). The process of reducing them means a strain on the United Kingdom's resources, but the result is satisfactory in that sterling has become, for some countries at least, a "scarce currency", and therefore a stronger currency.

UNITED KINGDOM STERLING LIABILITIES
(*£millions*)

	1951	1952
	End June	
To Sterling area	3,100	2,555
To Non-sterling area	1,068	842
TOTAL	4,168	3,397

Inflation

A country which suffers from internal inflation is almost certain to experience deficits in its balance of external payments, owing to the local consumption

of goods which would otherwise be exported, and to the increased demand for imports. Recognising this, sterling area countries have in the past year, in varying degrees and with varying success, adopted new measures or intensified old measures to reduce internal demand. The main methods have been tighter credit restrictions, higher interest rates, higher taxation, removal of consumer subsidies, and economies in public spending. The United Kingdom set a clear example by its revised monetary and budgetary policy (see "Bulletin" for April, 1952). Disinflationary policies may be regarded as having contributed in part to the reduction which has taken place in the sterling area's imports.

Exports

Nearly half of the sterling area's exports to non-sterling countries consist of exports from the United Kingdom, which are mainly manufactured or semi-manufactured goods. If these are to be increased, not only must the supply be maintained, but also there must be a healthy demand in buying countries, and United Kingdom goods must be competitive in price and quality, and delivery dates (especially for capital goods) must be reasonably prompt. On the whole, demand conditions have been a little weaker in recent months compared with the high levels of 1950-51, and United Kingdom exports have tended to fall off. They have become rather more competitive in price, but competition with Western Germany and Japan (in particular) is keen, and inability to quote firm and prompt delivery dates is still a hindrance to exports in some capital goods industries.

Exports from other sterling area countries to the non-sterling area are almost entirely food-stuffs and raw materials, the most important items being rubber, wool, tin, cocoa, tea and jute. The prices of these commodities are highly unstable, and have shown a fairly strong downward trend during 1952. These are important dollar-earners, but no amount of "export drive" can increase the prices or sales of commodities of this nature. The following table shows how prices have changed in recent months.

PRICES OF CERTAIN PRIMARY COMMODITIES EXPORTED BY STERLING AREA COUNTRIES

Month*	RUBBER	WOOL†		JUTE	TIN	TEA†	COCOA
	London	(Cross-bred) London	(Merino) London	Dundee	London	Ceylon	New York
	Pence per lb.			*£ per ton*		*Rupees per lb.*	*Cents per lb.*
1952—Jan.	40.625	68	126	174	1002.5	1.78	37.00
Feb.	32.875	65	120	163	977.5	1.83	37.37
Mar.	34.000	51	110	140	960.0	1.77	38.37
Apr.	31.375	52	112	130§	965.25	1.54	38.37
May	24.250	58	126	130§	971.5	1.52	38.37
June	28.875	61	130	112	969.75	1.60	38.37
July	26.625	68	137	78	965.75	1.71	37.25
Aug.	23.875	...	...	81	965.5	1.76‡	35.37
Sept.	22.125	68	126	81	957.5	..	34.12
Oct.	23.125	74§	131	81	953.0	..	32.37

* End of month prices. † Monthly average. § Nominal.
‡ Average of first two quotations only.

In recent weeks, there has been a tendency for the price decline to cease, and for prices to firm slightly in some instances.

Imports

As mentioned earlier, disinflationary policies tend to reduce the demand for imports, but the crisis which faced the sterling area early in 1952 was too severe for this method alone to be relied on for a quick reduction in import expenditure. Therefore extensive use has been made of additional import restrictions on non-sterling goods. Some member countries, because of their falling sterling reserves, have found it necessary to restrict imports from sterling countries as well. It is generally recognised that import restrictions are a negative way in which to solve a balance of payments deficit. However necessary they may be in the short run, they do nothing to solve the basic cause of the deficit, and bring other problems in their train. Efforts are being made to strengthen the sterling area by more constructive means.

Development

If the sterling area is to be in balance in its transactions with the non-sterling world, especially the dollar area, it must develop its own resources more and thus become less dependent on other countries for supplies of goods. All sterling area countries have large development programmes involving heavy expenditure, and it is desirable that these be co-ordinated as much as possible in order that the balance of payments may benefit to the maximum. Priority must be given to those forms of development which will result in increased exports to dollar countries or which will enable sterling countries to do without dollar imports. (New Zealand's Murupara scheme is a good example.) Much attention has been given to this question by Commonwealth countries; and, though progress is not likely to be fast or spectacular, much is being achieved—for example, copper in Africa, lead in Australia, steel in the United Kingdom, sugar in Australia and South Africa. Many difficulties are being encountered, however—shortages of manpower and the necessary heavy equipment; lack of basic development, especially transport facilities and electric power; and financial difficulties.

Borrowing

As indicated by the Finance Ministers in January, the United Kingdom is not in a position to lend large sums to assist in the financing of economic development in the rest of the sterling area. Borrowing is regarded, however, as an essential aid to development, so that funds must be sought outside the sterling area. During 1952, the flow of private capital from the dollar area (the most likely source of investment money) has remained small, but several sterling countries have obtained loans from the International Bank—Australia \$50 million, Pakistan \$30.4 million, United Kingdom (for Southern Rhodesia) \$28 million. Also, Australia has purchased \$30 million from the International Monetary Fund. The use of such methods of financing, however, is still on too small a scale to meet the needs of the sterling area.

Short-term Prospects

As a result of emergency measures taken since January last, the rapid deterioration in the finances of the sterling area has been stopped, but mainly by the negative method of cutting imports. Exports have not been rising, and in fact have been falling. Balance has been achieved, but only a precarious balance.

Unforeseen developments apart, some steady but gradual improvement can, however, be expected, because:

(a) commodity prices show signs of firming;

(b) business activity in the United States remains fairly steady at a high level;

(c) development programmes in the sterling area are moving towards fruition;

(d) inflation seems to be fairly well under control;

(e) the new President of the United States has stated his belief that the United States should help the rest of the world not by "hand-outs" of taxpayers' money but by liberal trade policies.

Longer-term Prospects

Such recovery as has already occurred does not constitute a firmly-based restoration of sterling to its pre-war strength; it has depended too much on import cuts, on dollar aid, and on the continuation of the emergency policies agreed on last January. More attention needs to be given to the basic problem of how to make sterling strong and convertible. The present system—whereby the uses to which holders of sterling can put it are hedged about with complex discriminatory restrictions—is far from satisfactory and is in fact a source of weakness to the sterling area. It makes persons who live outside the sterling area reluctant to hold sterling and keen to find ways of evading restrictions; it weakens confidence in sterling; it promotes speculation, leakages of reserves, and recurrent crises. An end to all this would be universally welcomed, but before it can come about many difficult things have to be done. The sterling area must be in surplus in its balance of payments with the rest of the world; British manufactures must be fully competitive in world markets; the United States economy must remain at a high level of prosperity and must welcome imports; capital must flow more freely from the United States for investment in the rest of the world; inflation in the sterling area must be kept firmly under control; there must be no relaxation of efforts directed at production, development and exports.

These are the basic problems to which the Prime Ministers have been devoting their attention.

Economic Conditions in the United States of America

DURING THE PAST YEAR, the United States economy has been fairly stable, business and financial activity becoming adjusted to a high rate of rearmament expenditure which is now slowly approaching a peak. The trend towards inflation has been checked, and some controls over expenditure introduced after the outbreak of the Korean war have been abandoned. The basic strength of the American economy has been demonstrated by the rise in total output during the last two years—from an annual rate of $300,000 million in the second quarter of 1950 to almost $340,000 million in the second quarter of 1952 (expressed in constant prices). This increase was greater than the expansion of defence expenditure, which during the same period rose from an annual rate of about $19,000 million to $50,000 million. Defence outlay is expected to rise even further to an annual rate between $60,000 million and $65,000 million next year.

Production

One of the most important developments in recent months has been the steel strike which had its impact on practically every sector of the economy. The nine-weeks' strike starting in June was the most protracted in the history of the industry, and rendered 90 per cent of the steel industry idle. Before plants were fully working again, 20 million tons of production, i.e., about one-fifth of the annual output, were lost. Industrial output dropped sharply in July as a consequence of the strike, but by September was again equal to the highest post-war level. The difficulties caused by steel shortages were gradually overcome, and the back-log of orders will keep metal-working plants busy for at least the next few months. The heavy industries which are closely connected with the defence programme have large orders on hand, but new plant planned as part of the defence build-up is now being brought into use and will ensure adequate supplies of basic materials.

The output of consumer goods declined early in the year following reduced consumer buying. This situation has now changed, and a substantial rise in production of major household appliances has been encouraged by reduced wholesale and retail stocks and better consumer buying.

Total 1952 farm output will probably be the largest ever realised. Although crop acreage is slightly below Government goals, the harvest will nearly equal that of 1949 which was the second highest on record. Favourable weather is mainly responsible for the higher yields. Marketings of livestock and livestock products are expected to be at record levels. In view of the increased supply of food products, prices may tend to fall, in which case the Government's price support programme will come more fully into operation.

Credit Policy

Money and credit have become tighter in response to orthodox monetary measures of the Federal Reserve System. The transition from an easy to a tighter monetary policy, with higher interest rates, has been very gradual, and the process is still continuing. Peak pressure on the money market occurred in December, 1951, when the Treasury was making its principal borrowings for that financial year. The policy of the Federal Reserve System has been to avoid action which would increase the liquidity of the commercial banks, and to adopt a neutral attitude to Treasury financing. The new policy emerged more clearly in July and August when the Federal Reserve left it to the money market to meet pressure arising from Treasury financing and other credit demands.

A pattern of rising interest rates has accompanied the application of the tighter monetary policy, the cost to the Treasury for borrowing money continuing to increase. The yield on three months' Government bills rose from $1\frac{1}{2}$ per cent in June, 1951, to 1.7 per

cent a year later. Interest paid by New York savings banks has been increased to 2½ per cent from the 2 per cent level in effect since before the war. Although the Federal Reserve discount rate is being held at the 1¾ per cent level set two years ago, the commercial banks have been obliged to make increased use of discounting facilities. For a short period in December, the commercial banks' discounts with the Federal Reserve exceeded their excess reserves for the first time in many years, and in recent months discounts have consistently been greater than excess reserves. The Federal Reserve has thus regained a firm but flexible control over the credit system.

Total outstanding debt increased in the first half of 1952, mainly due to demands for long-term funds to finance private, State and local government expenditure on construction and business equipment. The expansion of private debt has been largely for permanent finance, the demand for short-term credit being less strong than in either 1950 or 1951. Business loans of banks declined in the first half of 1952.

One of the measures adopted by the Federal Reserve early in 1951 to counter inflationary capital expenditure was the voluntary credit restraint programme, a campaign to obtain the co-operation of the general public, business firms and the banks in a reduction of demands for credit. The plan was claimed to have some success. With the easing of inflationary pressures, a better structure of bank credit, and the desirability of additional non-defence production, the programme was abandoned in May, 1952.

Budget

In the fiscal year ending 30th June, 1952, the Federal budget showed a small cash surplus of $100 million compared with a $4,000 million deficit forecast in January, 1952. The improvement over expectations was due to a substantial lag in disbursements. Spending for defence and related programmes was about $3,100 million less than anticipated. Latest estimates for the financial year ending 30th June, 1953, place the Federal budget deficit at $10,300 million. This would have been larger but for the stretching of the total defence programme and the further lag in defence expenditures resulting from the steel strike. Budget expenditure is estimated at $79,000 million, two-thirds of which ($53,000 million) will be on defence. Expected receipts are $68,700 million.

Prices

Wholesale prices, which increased immediately after the outbreak of the Korean war, began to level out early in 1951, and since then have fallen steadily although not back to their pre-Korean levels. In June, 1952, they were 3 per cent lower than a year previously. Consumer prices have followed a rather different pattern. They did not rise nearly so steeply as wholesale prices after June, 1950; but whereas wholesale prices declined early in 1951 consumer prices continued to rise. They reached a peak in January, 1952, and subsequently declined a little, but by July they were about 1 per cent above January and 12 per cent above the pre-Korean level. The latest rise is accounted for chiefly by an increase in food prices.

Consumption

Consumer buying has remained conservative since the fall which commenced in the second quarter of 1951. Some improvement has appeared recently, but the peak levels of February, 1951, have not nearly been regained. Department store sales have not been particularly buoyant although other types of retail trade have been better. It was mainly to give an added stimulus to retail trade that controls over instalment credit were lifted in May, 1952. These regulations specified the minimum percentage down-payment and the maximum period in which repayments were to be completed for certain consumer durables, such as radios, television sets and motor cars. They proved most effective in curbing the demand for products which competed for scarce materials and labour at a time of inflationary rearmament expenditure. Their suspension was followed by only a modest improvement in retail sales, as the inflationary pressures which had been present when the regulations were introduced were weaker.

Trade

United States foreign trade is now running at a lower value than in 1951. Despite heavy military and economic aid shipments, exports in August were 20 per cent below both the monthly average of 1951 and the monthly average in the first half of this year. Imports during the same month were 11 per cent below the 1951 monthly average and 9 per cent below the average in the first half of this year.

Increased emphasis has recently been placed on making Americans "trade conscious", particularly of the need for the United States to make it more possible for the rest of the world to earn all the dollars it needs instead of receiving U.S. Government aid. A special commission appointed by President Truman has drawn attention to the need for building up new sources of imported raw materials as the American economy is becoming increasingly dependent upon foreign supplies.

Outlook

The economic prospects for the United States in the immediate future are for well sustained economic activity. Reports indicate that industrialists are optimistic, and business investment during the second half of 1952 will probably make it a record year for plant and equipment expenditure. Business is good and is expected to improve still further as defence spending increases.

(Statistics illustrating economic trends in the United States are shown on page 184.)

Shorter Notes

Reserve Bank Agency in Auckland

The Reserve Bank opened an Agency in Auckland on 20th October (see "Bulletin" March, 1952).

The Agency will deal with all applications for the remittance of funds overseas (other than for imports) and correspondence and enquiries in that connection which originate through the banks and post offices within the postal districts of Auckland and Whanga-

rei. In view of the fact that twenty-five per cent of all such applications come from these districts, the Agency will fill a long felt want in that it will speed up materially the administration of this aspect of exchange control and enable people in and around Auckland to obtain decisions on the spot. Exchange allocation for imports requires central control and will remain a function of Head Office. However, importers and trading banks will be able to discuss problems of procedure which arise from time to time.

The Agency will conduct business relating to New Zealand Government loans. The Stock Registry Office will remain in Wellington, but is intended to decentralise to an extent that will enable stockholders personally, and brokers, solicitors, public accountants and all who act on behalf of stockholders, to deal direct with the Agency.

Mr. R. W. Cox, until recently Deputy Chief Accountant at Head Office, is the Manager, and Mr. G. H. Ivory, until recently Principal, Exchange Control Office, is the Assistant Manager.

Quarterly Analysis of Trading Bank Advances

On page 180 is published the usual quarterly classification of trading bank advances. In the third quarter, advances fell by £10.3 million, this movement reflecting both seasonal and non-seasonal factors. Significant changes were decreases in advances to the meat companies and freezing works (£10.1 million), wholesalers and retailers (£6.2 million), while increases occurred in advances to dairy companies (£4.3 million) and stock and station agents (£3.5 million). The movement in advances to dairy companies and to meat companies and freezing works was largely seasonal although in both cases it was considerably larger than usual, the former on account of record production in the opening months of the dairy season, and the latter influenced by a larger than usual reduction in meat stocks. The fall in advances to wholesalers and retailers was due to a reduction in the volume of imports and to liquidation of stocks.

1953 Dollar Imports

On 16th October, 1952, the Minister in Charge of Import Licensing, the Hon. J. T. Watts, announced that 1953 import licenses for goods from North America will be issued on much the same basis as has applied since March of this year. No licenses will be granted for motor cars from North America in 1953.

The Minister stated that the Board of Trade, in consultation with the Reserve Bank and the Government Departments concerned, had recently prepared a licensing programme for 1953 totalling approximately £25 million. Following the Finance Ministers' Conference last January in London, a target of £25 million had been set for the total expenditure on commercial imports from Canada and the U.S.A. for 1952. Present indications are that 1952 remittances for imports from North America may slightly exceed this total.

The Murupara Project

On 16th October, the Prime Minister, Mr. Holland, announced the countries in which capital expenditure will be incurred for the Murupara scheme. (See "Bulletin", May, 1951.) The total cost of the first stage of the project, now considerably scaled down, will be shared by the Government and the Tasman Pulp and Paper Co. Ltd., and is expected to involve the expenditure of up to £28 million. The Tasman Pulp and Paper Company Limited's estimated capital expenditure is £15 million, of which £8 million will be raised in New Zealand by share and debenture issues, and the remainder will probably be sought overseas. The Company proposes to spend £3.3 million in the United Kingdom, £0.3 million in Australia, £0.9 million in Canada, £1.8 million in the United States, and £0.3 million in Sweden and Switzerland.

In addition to the Company's expenditure, the Government will spend approximately £13 million on capital projects allied to the scheme. Of this amount, the Government will require £8 million in New Zealand, and the remainder in overseas currencies principally from the United Kingdom and the United States or Canada. The allocation of the Government's capital expenditure is £4.9 million on housing, £3.6 million on railways, and the remainder on necessary ancillary services.

It was also announced that the original scheme of an annual production of 120,000 tons of newsprint, 45,000 to 50,000 tons of pulp and 70 million sawn feet of timber, has been scaled down on the advice of forestry experts who recently visited New Zealand. It has been decided to reduce the planned newsprint production to about 60,000 tons, to defer temporarily the sawmilling scheme, and to restrict the quantity of pulp production.

The project, it is hoped, will be in production within three years. In the first year of operations, it is expected to save $16 million to the Commonwealth in dollar imports while the annual net gain to New Zealand in overseas funds is expected to amount to £6 million in the same period. The scheme will net the Government £1.2 million yearly in royalties, taxation and other revenue from the utilisation of its standing timber by the Tasman Pulp and Paper Company Limited.

House-Building Costs

House-building costs in the Greater Wellington area as supplied by the Wellington Branch of the New Zealand Institute of Valuers from a sample survey of the value of contracts awarded to builders during each month shows that significant increases were recorded during the months of March and April, 1952. During the next three months, contract prices fell slightly, the decline probably denoting lower profit margins rather than a decrease in the cost of materials and labour.

However, the August index once again shows a rise to the highest point yet reached.

INDEX OF HOUSE-BUILDING COSTS
(Base: December, 1942 = 100)

1952—January	193.6
February	193.3
March	196.4
April	198.2
May	197.0
June	196.4
July	196.7
August	198.8

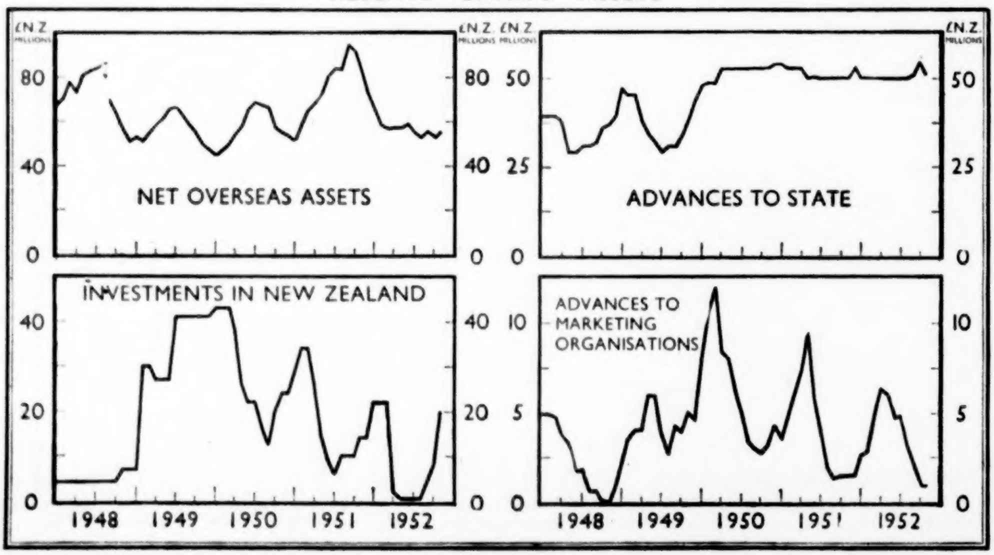
(£N.Z. thousands)

Liabilities and Assets

Average of Weekly Figures:	LIABILITIES					ASSETS								
	Bank Notes	Demand Liabilities				Reserve			Invest-ments	Advances to State		Other Advances and Discounts	Other Assets*
		State	Banks	Wool Retention Account†	Other	Gold	Sterling Exchange	Other* Exchange		Market'g Orgns.	Other		
1945	41,123	12,228	43,972	—	1,012	2,802	60,064	—	11,797	2,085	24,163	—	1,455
1946	45,169	17,302	59,731	—	524	2,802	81,332	—	5,991	961	35,127	—	1,396
1947	47,682	13,265	57,102	—	483	2,802	85,300	—	4,576	1,157	28,510	5	1,046
1948✱	48,930	13,228	57,706	—	380	2,802	65,090	—	10,496	1,698	35,182	2,437	7,549
1949	51,312	11,384	73,837	—	355	3,223	48,995	—	41,855	3,482	37,628	4,907	1,973
1950	55,126	15,446	74,239	117	1,115	4,269	51,319	256	31,313	5,096	52,245	5,378	2,277
1951	60,361	18,844	69,326	4,204	725	5,139	62,557	383	27,107	3,379	51,134	6,829	3,224
Last Wednesday in Month:													
1951—Oct.	61,298	13,744	79,248	882	292	5,418	59,003	358	36,132	1,373	50,000	6,019	3,097
Nov.	64,576	12,268	69,737	361	470	5,451	38,602	437	46,182	1,541	52,986	6,019	2,365
Dec.	69,366	9,975	65,896	34	191	5,506	29,131	400	54,182	2,586	50,000	6,019	4,069
1952—Jan.	63,837	12,256	62,841	61	299	5,578	22,620	1,467	54,182	2,774	50,000	6,019	2,974
Feb.	62,217	22,149	54,396	—	687	5,638	19,786	1,566	54,182	4,805	50,012	6,019	4,023
Mar.	62,205	33,605	24,643	—	604	5,714	21,756	510	34,182	6,321	50,000	6,019	3,215
Apr.	62,600	22,235	33,210	—	529	5,749	23,019	406	32,182	5,985	50,000	6,019	2,416
May	61,876	15,433	41,098	—	489	5,873	24,818	646	32,182	4,701	50,000	6,019	2,057
June	61,225	11,530	44,426	—	429	5,913	20,741	1,703	32,182	4,812	50,000	6,019	3,683
July	60,374	6,794	44,370	—	520	5,955	18,842	1,877	32,182	3,007	50,066	6,019	420
Aug.	59,568	7,436	50,299	—	830	5,996	20,884	2,272	36,182	1,744	50,973	6,019	612
Sept.	59,331	6,231	56,029	—	445	6,008	17,842	2,321	40,182	764	54,691	6,019	882
Oct.	60,484	10,159	63,187	—	322	6,009	31,992	1,376	42,132	745	51,512	6,019	1,058
Nov. 5	60,092	10,493	61,025	—	376	6,009	31,712	1,308	42,132	599	50,206	6,019	695
12	61,024	15,466	58,358	—	298	6,009	31,440	1,144	42,132	645	53,837	6,019	662
19	61,068	15,907	59,216	—	490	6,012	30,549	1,112	46,132	883	52,485	6,019	404

✱ On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.
* Prior to 1950 the figures for "Other Exchange" are included under "Other Assets".
† Held temporarily pending transfer to Wool Rentention Accounts at trading banks. See text page 19 of February, 1951, issue.

RESERVE BANK'S ASSETS



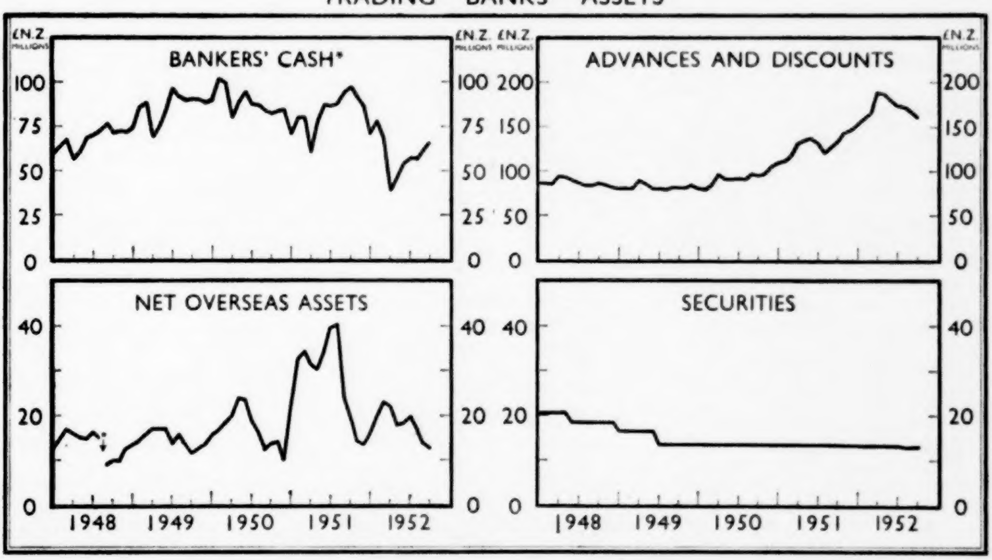
(£N.Z. thousands)

1. Liabilities and Assets

Average of Monthly Figures:	LIABILITIES (in New Zealand)				ASSETS					Unexercised Overdraft Authorities
	Demand	Time: Wool Retention Accounts ‡	Time: Other	Total Demand and Time Liabilities	Bankers' Cash*	Net O'seas Assets	Securities: Govt.	Securities: Other	Advances and Discounts	
1945	99,836	—	31,634	131,470	52,402	13,647	29,335	2,473	51,618	40,274
1946	117,071	—	34,414	151,485	67,794	12,541	26,168	2,293	58,342	45,041
1947	128,115	—	37,870	165,984	66,041	13,295	20,913	2,124	76,247	46,669
1948✱	138,211	—	40,403	178,614	68,814	13,464	16,953	1,942	86,470	50,650
1949	150,699	—	39,016	189,715	86,120	14,526	12,856	1,813	81,981	57,686
1950	167,526	—	39,787	207,313	86,674	17,362	11,730	1,677	94,065	64,178
1951	196,663	19,589	39,815	256,068	83,278	27,276	11,716	1,527	133,079	72,230
Last Wednesday in Month:										
1951—Oct.	188,055	30,736	41,093	259,884	91,572	14,108	11,715	1,495	143,227	67,347
Nov.	186,477	31,726	40,364	258,567	85,554	13,401	11,715	1,485	147,336	68,482
Dec. 19	190,265	32,088	40,125	262,478	70,941	15,680	11,715	1,483	154,456	65,282
1952—Jan.	195,143	31,752	39,398	266,294	77,901	19,868	11,714	1,446	159,266	67,294
Feb.	197,216	30,756	39,382	267,354	68,360	22,694	11,714	1,432	166,164	66,883
Mar.	189,901	30,207	47,730	267,838	38,465	22,101	11,714	1,405	187,259	64,192
Apr.	192,133	29,446	39,091	260,670	46,018	17,796	11,714	1,389	186,623	63,755
May	193,481	29,062	39,013	261,557	53,922	18,213	11,714	1,379	179,862	69,937
June	192,186	28,672	38,573	259,430	56,753	19,526	11,714	1,376	173,056	68,825
July	181,615	28,093	37,904	247,612	55,860	16,622	11,687	1,285	171,224	67,700
Aug.	177,440	27,757	38,629	243,825	60,678	13,408	11,687	1,272	164,173	70,648
Sept.	179,978	27,422	38,961	246,360	66,385	12,350	11,687	1,269	158,922	70,246
Oct.	180,876	26,995	38,417	246,289	73,651	11,390	11,687	1,266	159,368	71,702

* Bankers' Cash includes Notes and Coin, and Balances at Reserve Bank. ‡ See text pages 19 and 67 of February and May, 1951, issues respectively.
✱ On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

TRADING BANKS' ASSETS



*Banker's Cash includes Notes and Coin and Balances at Reserve Bank.

2. Classification of Advances

(£N.Z. thousands) *Published by courtesy of the Associated Banks*

Last Wednesday in month	1949	1950	1951		1952		
	September	September	September	December	March	June	September
1. **Farmers:**							
(a) Mainly Dairy	7,665	8,550	10,136	10,347	8,947	9,395	9,656
(b) Mainly Wool	6,090	5,317	5,772	6,022	6,350	5,895	7,095
(c) Mainly Meat	1,344	1,119	899	998	904	899	1,041
(d) Mainly Agricultural	706	747	942	1,183	993	1,000	881
(e) Mixed	4,506	4,087	4,204	4,335	4,343	4,198	4,704
	20,311	**19,820**	**21,952**	**22,885**	**21,538**	**21,388**	**23,377**
2. **Industries Allied to Primary Production:**							
(a) Dairy Co's., Factories, etc.	4,109	4,202	4,614	4,582	773	858	5,119
(b) Freez. Works, Meat Co's., etc.	758	821	5,215	5,376	17,998	12,215	2,131
(c) Woollen Mills	547	935	1,629	2,115	3,942	2,868	2,483
(d) Wool Buyers	1,002	1,165	4,504	2,957	4,142	2,202	1,272
(e) Other	3,452	4,314	4,245	5,158	6,597	7,216	7,000
	9,868	**11,435**	**20,207**	**20,189**	**33,452**	**25,358**	**18,005**
3. **Other Manufacturing & Productive Industries:**	**13,309**	**15,796**	**21,678**	**26,245**	**32,492**	**32,105**	**31,403**
4. **Merchants, Wholesalers:**							
(a) Mainly Imp'trs	4,848	6,761	10,826	15,970	21,018	19,853	16,057
(b) Others	2,329	3,012	3,724	5,030	6,171	6,121	5,325
	7,177	**9,773**	**14,549**	**21,000**	**27,189**	**25,974**	**21,381**
5. **Retailers:**	**7,059**	**9,857**	**14,610**	**17,644**	**20,658**	**18,752**	**17,137**
6. **Transport:**							
(a) Shipping	441	606	394	322	305	237	313
(b) Other	1,544	2,039	2,731	2,877	3,298	3,188	3,053
	1,985	**2,645**	**3,125**	**3,199**	**3,603**	**3,425**	**3,366**
7. **All Others:**							
(a) Local Bodies, M'pal Authorities, Public Utility Concerns, etc.	1,734	1,942	2,243	2,453	1,486	3,174	3,501
(b) Stock & Station Agents	1,391	1,162	1,768	3,697	4,512	2,660	6,203
(c) Hotels (Public & Private), R'rants, etc.	2,141	2,509	2,772	2,939	2,910	2,843	2,958
(d) Entertainment Concerns	158	238	267	231	297	202	233
(e) Financial Co's. Societies, etc.	1,817	2,259	1,913	2,257	2,936	2,855	2,814
(f) Religious and Charitable	242	312	465	516	574	559	533
(g) Professional	1,787	2,158	2,659	2,601	3,079	2,952	2,670
(h) Private Individuals	8,214	11,026	15,997	16,649	18,787	17,592	16,912
(i) Miscellaneous	3,294	4,141	5,612	6,536	6,398	6,645	5,678
	20,778	**25,747**	**33,696**	**37,879**	**40,980**	**39,484**	**41,503**
Total Advances	**80,487**	**95,073**	**129,817**	**149,039**	**179,912**	**166,486**	**156,171**

III—FOREIGN EXCHANGE

1. Net Overseas Assets*

(£N.Z. thousands)

Last Wednesday in Month:	1949	1950			1951			1952		
	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total
Jan.	**64,809**	46,862	16,498	**63,360**	58,413	32,482	**90,895**	58,490	19,868	**78,359**
Feb.	**69,865**	49,179	18,125	**67,304**	65,198	34,053	**99,251**	56,670	22,694	**79,364**
Mar.	**74,975**	54,076	20,100	**74,175**	68,254	31,504	**99,758**	56,662	22,101	**78,764**
Apr.	**77,728**	58,362	23,924	**82,285**	72,410	30,000	**102,410**	57,035	17,796	**74,831**
May	**82,250**	65,607	23,634	**89,241**	80,410	34,018	**114,428**	58,898	18,213	**77,111**
June	**79,987**	68,411	18,605	**87,016**	83,824	39,492	**123,316**	55,062	19,526	**74,588**
July	**78,037**	67,340	16,169	**83,509**	83,454	40,059	**123,513**	52,886	16,622	**69,507**
Aug.	**71,747**	66,099	12,302	**78,402**	94,150	23,712	**117,862**	55,391	13,408	**68,799**
Sept.	**65,998**	57,635	13,374	**71,009**	91,914	18,802	**110,716**	52,456	12,350	**64,806**
Oct.	**62,165**	54,916	13,927	**68,843**	83,855	14,108	**97,963**	55,512	11,390	**66,902**
Nov.	**60,102**	53,871	9,670	**63,541**	72,947	13,401	**86,347**			
Dec.	**59,738†**	50,971†	22,013†	**72,984†**	66,123†	15,680†	**81,803†**			

* Foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities. The Reserve Bank figures include not only sterling exchange as formerly, but also other foreign exchange holdings and overseas investments. † Last Wednesday before Christmas.

2. Foreign Exchange Transactions of New Zealand Banking System

(£N.Z. thousands)

Calendar Month	1951					1952				
	RECEIPTS		PAYMENTS		Balance of Transactions	RECEIPTS		PAYMENTS		Balance of Transactions
	Exports	Other	Imports*	Other		Exports	Other	Imports*	Other	
Jan.	30,042	2,125	13,938	3,027	+15,202	20,368	2,272	27,296	2,071	− 6,728
Feb.	26,044	1,509	16,207	2,813	+ 8,532	24,674	4,589	25,276	2,949	+ 1,038
Mar.	15,546	2,188	14,773	2,485	+ 476	24,381	2,564	24,777	4,699	− 2,531
April	18,810	1,544	13,428	2,973	+ 3,953	18,967	3,208	20,704	3,434	− 1,963
May	23,626	1,484	12,765	2,357	+ 9,988	21,818	2,594	20,003	2,973	+ 1,436
June	26,862	1,995	12,976	3,220	+12,660	13,593	1,983	20,200	3,149	− 7,773
July	21,429	2,007	15,498	7,067	+ 871	13,927	2,438	19,033	2,984	− 5,652
Aug.	17,083	2,135	21,287	3,425	− 5,494	14,761	1,905	16,257	2,982	− 2,573
Sept.	15,322	1,771	21,842	2,524	− 7,273	12,177	2,245	15,168	3,081	− 3,828
Oct.	19,707	2,025	26,959	3,479	− 8,706	16,752	1,693	15,091	2,984	+ 370
Nov.	18,189	995	26,853	2,898	−10,569					
Dec.	21,188	2,510	23,629	3,653	− 3,584					
Total	**253,847**	**22,287**	**220,153**	**39,923**	**+16,057**					

* Includes estimated payments for Government imports.

IV—GROSS CAPITAL INVESTMENT IN NEW ZEALAND

(Excluding Change in Value of Stocks)

(£ millions) *Source: Appendices to the Journals, House of Representatives, B-5*

Year ended March	Gross National Product	PRIVATE				GOVERNMENT				Total* Gross Investment	Per Cent Gross National Product*
		Building	Other	Total	Per Cent G.N.P. †	Central Government	Local Authorities	Total	Per Cent G.N.P.		
1929	203	6	5	11	5	9	5	14	7	25	12
1933	116	1	3	4	3	3	3	6	5	10	9
1938	215	6	9	15	7	12	5	17	8	32	15
1939	229	7	9	16	7	16	6	22	10	38	17
1940	249	6	8	14	6	16	6	22	9	36	14
1941	269	6	7	13	5	12	5	17	6	30	11
1942	291	5	7	12	4	9	5	14	5	26	9
1943	335	2	5	7	2	6	3	9	3	16	5
1944	372	5	9	14	4	10	4	14	4	28	8
1945	378	8	13	21	6	14	5	19	5	40	11
1946	401	13	14	27	7	17	5	22	5	49	12
1947	419	20	17	37	9	21	6	27	6	64	15
1948	475	21	23	44	9	26	7	33	7	77	16
1949	480	22	24	46	10	32	8	40	8	86	18
1950	547	28	30	58	11	39	9	48	9	106	19
1951	681	37	34	71	10	40	10	50	7	121	18
1952‡	709	45	41	86	12	44	11	55	8	141	20

† Excluding tramways and railways (included under "Government"). * Excludes changes in value of stocks. ‡ Provisional.

V—PUBLIC DEBT OF NEW ZEALAND

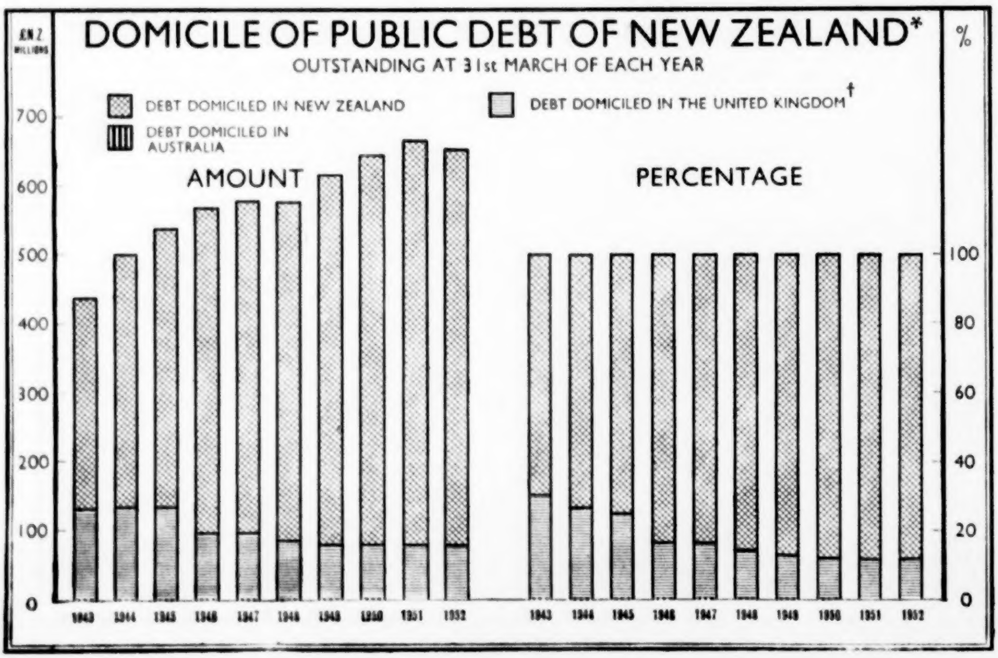
SECURITIES CHARGED ON THE PUBLIC REVENUES OF NEW ZEALAND AND OUTSTANDING ON 31ST MARCH OF EACH YEAR.

Note: In this table debt domiciled overseas is expressed in New Zealand currency at the rate, £Stg.100 = £N.Z.100 = £A.125. In tables published prior to 1948 the rate used was £Stg.100 = £N.Z.125 = £A.125.

(£N.Z. thousands) *Source: Appendices to the Journals, House of Representatives, B-1 (Part 1) and B-6.*

	1939	1947	1948	1949	1950	1951	1952
Domiciled in New Zealand:							
HELD BY PUBLIC—							
Debentures and Stock	67,267	183,534	186,362	191,549	176,750	192,336	192,825
Treasury Bills	3,875	10	10	5	—	—	—
HELD BY STATE DEPARTMENTS AND RESERVE BANK—							
Debentures and Stock	62,446	244,456	252,750	287,846	318,363	330,089	319,429
Treasury Bills	12,650	54,990	54,990	54,995	70,000	67,000	63,600
Total	**146,238**	**482,990**	**494,112**	**534,395**	**565,112**	**589,425**	**575,855**
Domiciled in United Kingdom:							
Stock†	130,662	94,529	83,188	79,962	78,140	77,808	77,808
Memorandum of Security	—	—	—	—	—	—	—
Total†	**130,662**	**94,529**	**83,188**	**79,962**	**78,140**	**77,808**	**77,808**
Domiciled in Australia:§							
Debentures and Stock	704	689	623	623	623	—	—
Amount Outstanding*†	**277,603**	**578,208**	**577,923**	**614,981**	**643,875**	**667,223**	**653,662**

* Gross indebtedness—excludes accumulated sinking funds.
† Excludes £Stg.24.1m. of funded debt and £Stg.2.1m. of other debt in respect of which payments of interest and principal were suspended by agreement with U.K. Government in 1931.
§ These figures differ slightly from those in B-1 (Part 1) and B-6 owing to small differences in the rates of exchange used for conversion to New Zealand currency.



VI—NEW ZEALAND GOVERNMENT RAILWAYS

1. Revenue and Expenditure (Whole Undertaking)

(£N.Z. thousands) *Source: Appendices to the Journals, House of Representatives, D-2*

Year ended 31st March	1946	1947	1948	1949	1950	1951	1952
Revenue:							
RAILWAY OPERATION:							
Passenger	3,913	3,254	2,688	2,759	2,848	2,663	2,265
Parcels, Luggage, Mails	427	441	553	561	481	533	519
Goods	8,516	8,904	10,487	11,747	12,434	14,979	16,958
Miscellaneous	250	226	236	272	299	326	355
TOTAL—RAILWAY OPERATION	13,105	12,824	13,964	15,339	16,062	18,500	20,097
SUBSIDIARY SERVICES:							
Road Motor	1,099	1,556	1,742	1,910	2,034	2,108	2,400
Other	1,241	1,301	1,365	1,349	1,445	1,478	1,496
TOTAL—WHOLE UNDERTAKING	15,445	15,680	17,071	18,598	19,541	22,085	23,993
Working-Expenses:							
RAILWAY OPERATION:							
Maintenance: Rolling-stock	3,055	3,241	3,299	3,885	3,889	4,218	4,583
„ Way, Works, Signals	2,900	2,842	2,955	3,387	3,506	3,739	4,672
Transportation: Locomotive	2,628	2,996	3,787	4,033	4,065	4,606	5,322
„ Traffic	3,619	4,139	4,550	4,956	5,355	5,615	6,342
General charges	348	426	499	527	545	548	597
TOTAL—RAILWAY OPERATION	12,550	13,645	15,090	16,788	17,361	18,725	21,515
SUBSIDIARY SERVICES:							
Road Motor	959	1,389	1,667	1,883	2,104	2,160	2,429
Other	876	911	954	1,029	1,132	1,194	1,252
TOTAL—WHOLE UNDERTAKING	14,385	15,944	17,711	19,701	20,597	22,080	25,196
RAILWAY OPERATION:							
Net revenue	555	— 821*	— 1,126*	— 1,449*	— 1,299*	— 225*	—1,418*
Percentage of Working-Expenses to Revenue (%)	95.77	106.40	108.06	109.45	108.09	101.22	107.06
WHOLE UNDERTAKING:							
Net revenue	1,060	— 264†	— 640†	— 1,103†	— 1,056†	6	—1,202‡
Percentage of Working-Expenses to Revenue (%)	93.14	101.69	103.75	105.93	105.40	99.98	105.01

* Loss. † Loss recovered from vote, "Economic Stabilisation". ‡ Loss, recovered from Consolidated Fund.

2. Freight Carried by Railways

(Tons thousands)

Year Ended 31st March	Agricultural and Pastoral					Timber and Firewood	Non-Metallic Minerals			Miscel-laneous	Total
	Grains, Fruit, Vegs., etc.	Dairy Produce	Meats, Fish & Livestock	Wool	Fer-tilizers		Coal	Benzine and Kerosene	Other		
1937	588	255	885	159	1,042	531	1,632	154	202	1,365	**6,813**
1938	585	256	972	159	1,368	579	1,687	175	236	1,499	**7,516**
1939	517	231	940	172	1,254	578	1,764	188	298	1,596	**7,539**
1940	556	215	930	168	1,430	587	1,756	195	229	1,608	**7,674**
1941	596	232	1,028	165	1,629	664	2,034	178	203	1,696	**8,426**
1942	589	274	1,125	188	1,377	653	2,086	196	181	1,805	**8,474**
1943	696	288	1,214	222	1,149	758	2,049	180	202	2,128	**8,887**
1944	757	252	1,196	219	1,240	757	2,084	202	197	2,124	**9,027**
1945	752	255	1,194	205	1,402	715	2,084	205	208	1,936	**8,954**
1946	795	250	1,255	250	1,457	692	2,097	221	224	1,971	**9,210**
1947	733	239	1,222	233	1,647	701	2,062	261	203	2,028	**9,329**
1948	759	260	1,201	222	1,534	793	2,084	298	243	2,124	**9,524**
1949	736	277	1,157	220	1,535	860	2,131	305	268	2,223	**9,666**
1950	689	294	1,131	226	1,637	882	2,088	330	290	2,337	**9,948**
1951	652	297	1,046	219	1,654	922	1,869	357	236	2,362	**9,616**
1952	598	319	1,023	232	1,556	835	1,952	370	264	2,678	**9,829**

VII—UNITED STATES OF AMERICA
Selected Statistics

Source:—U.S. Dept. of Commerce

Month	Industrial Production (Volume) 1935-39 = 100 *	National Defence and Related Activities $millions	Total Personal Income (Annual Rate) $000m. *	Consumer Credit $000m. ‡	Employed§ millions	Unemployed millions	Index of Consumers' Prices 1935-39 = 100	Inventories† $000m.	Retail Sales $000m. *	Imports (For Consumption) $millions	Exports (U.S. Merchandise) $millions ((
1951—Jan.	221	1,651	243.6	19.9	59.0	2.5	181.5	62.1	13.6	1,018	959
Mar.	222	2,057	245.5	19.4	60.2	2.1	184.5	65.2	12.6	1,034	1,266
June	221	2,495	254.3	19.3	61.8	2.0	185.2	69.4	12.2	915	1,280
Sept.	218	2,628	257.3	19.4	61.6	1.6	186.6	70.0	12.3	746	1,222
Dec.	218	3,070	263.4	20.6	61.0	1.7	189.1	70.1	12.3	800	1,428
1952—Jan.	221	3,414	263.4	20.1	59.7	2.1	189.1	70.2	12.7	915	1,238
Feb.	222	3,155	263.5	19.7	59.8	2.1	187.9	69.9	12.9	901	1,317
Mar.	221	3,425	261.9	19.6	59.7	1.8	188.0	70.0	12.4	972	1,403
Apr.	216	3,775	262.5	19.8	60.1	1.6	188.7	70.2	12.7	935	1,322
May	211	3,791	264.5	20.3	61.2	1.6	189.0	69.9	13.1	843	1,448
June	203	3,699	266.7	20.9	62.6	1.8	189.6	69.3	13.0	865	1,164
July	193		264.2	21.2	62.2	1.9	190.8			842	1,013
Aug.	215		269.6	21.4	62.4	1.6	191.1				

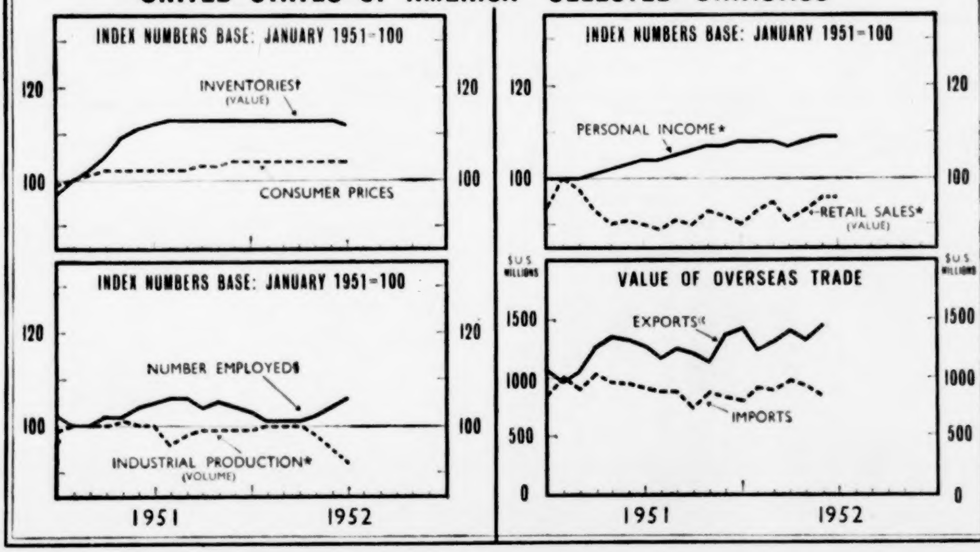
Index Numbers, Base: January, 1951 = 100.

Month	Industrial Production	National Defence	Total Personal Income	Consumer Credit	Employed	Unemployed	Consumers' Prices	Inventories	Retail Sales	Imports	Exports
1951—Jan.	100	100	100	100	100	100	100	100	100	100	100
Mar.	100	125	101	97	102	84	102	105	93	102	132
June	100	151	104	97	105	80	102	112	90	90	133
Sept.	99	159	106	97	104	64	103	113	90	73	127
Dec.	99	186	108	104	103	68	104	113	90	79	149
1952—Jan.	100	207	108	101	101	84	104	113	93	90	129
Feb.	100	191	108	99	101	84	104	113	95	86	137
Mar.	100	207	107	98	101	72	104	113	91	95	146
Apr.	98	229	108	99	102	64	104	113	93	92	138
May	95	230	109	102	104	64	104	113	96	83	151
June	92	224	109	105	106	72	104	112	96	85	121
July	87		108	107	105	76	105			83	106
Aug.	97		111	108	106	64	105				

† Includes finished goods held by retailers, wholesalers and manufacturers, plus materials in stock and goods in process of production.
§ Includes self-employed, unpaid family, and domestic workers. * Adjusted for seasonal variations.
‡ Includes instalment credit (sale credit, and cash loans), charge accounts, single-payment loans and service credit.
((Include shipments under Mutual Defence Assistance Programme.

N.B.—All recent figures are subject to revision.

UNITED STATES OF AMERICA—SELECTED STATISTICS



THE MATERIAL IN THIS "BULLETIN" WAS PREPARED BY THE RESEARCH AND STATISTICS OFFICE OF THE RESERVE BANK OF NEW ZEALAND AND PRINTED IN NEW ZEALAND BY WHITCOMBE AND TOMBS LIMITED.